

# REGULATORY ALERT

NATIONAL CREDIT UNION ADMINISTRATION  
1775 DUKE STREET, ALEXANDRIA, VA 22314

**DATE:** September 2009 **NO:** 09-RA-10

**TO:** All Federally-Insured Credit Unions

**SUBJECT:** Amendments to Regulation Z, Truth in Lending

**REF:** 1. Regulatory Alert 09-RA-07 - Amendments to Regulation Z, Truth in Lending  
2. 74 Fed. Reg. 36077, 36101 (July 22, 2009)

Dear Board of Directors:

This Regulatory Alert provides additional guidance regarding the requirement for creditors to give a 45-day notice of changes in certain terms as required by recent amendment to Regulation Z. Regulatory Alert 09-RA-07, issued last month, states that creditors must provide written notice to consumers 45 days before increasing an annual percentage rate on a credit card account or making a significant change to the terms of a credit card account. The same notice must inform consumers of the right to cancel the credit card account before the increase or change goes into effect.

Regulatory Alert 09-RA-07 also states if a consumer cancels an account, the creditor is generally prohibited from applying the increase or change to the account. This Regulatory Alert clarifies that the consumer's ability to reject changes does not apply to "transactions" that occur more than 14 days after provision of the 45-day notice. 12 CFR 226.9(h)(3)(ii). The Federal Reserve Board's interim final rule does not require advance notices to contain information on this limitation on the consumer's ability to reject changes. Until this issue is clarified, NCUA believes failing to notify consumers of this consequence may cause consumer confusion and increase reputation risk. To avoid consumer confusion, NCUA recommends credit unions include the following (or similar) additional information in their 45-day advance notices to alert the consumer, if applicable:

**NOTE: Even if you reject this change in terms, the new terms will be applied to any transactions on your account that occur on or after [INSERT DATE].**

For additional information and examples of how the 14 days applies, see page 36101 of the Federal Register, Volume 74, section 3 of 226.9(h)(3)(ii). You may obtain a copy of Volume 74, Number 139 from this link: <http://edocket.access.gpo.gov/2009/pdf/E9-17195.pdf>.

Should you have questions about the Regulation Z amendments or the Federal Reserve Board's interim final rule, please do not hesitate to contact your NCUA regional office or state supervisory authority.

Sincerely,

/s/

Deborah Matz  
Chairman